Saskatchewan
Agriculture, Food
and Rural
Revitalization

Guidelines for Livestock Development

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Guidelines for Livestock Development

Introduction

Across the province, communities and enterprising individuals are successfully establishing business operations that create jobs and provide returns to investors.

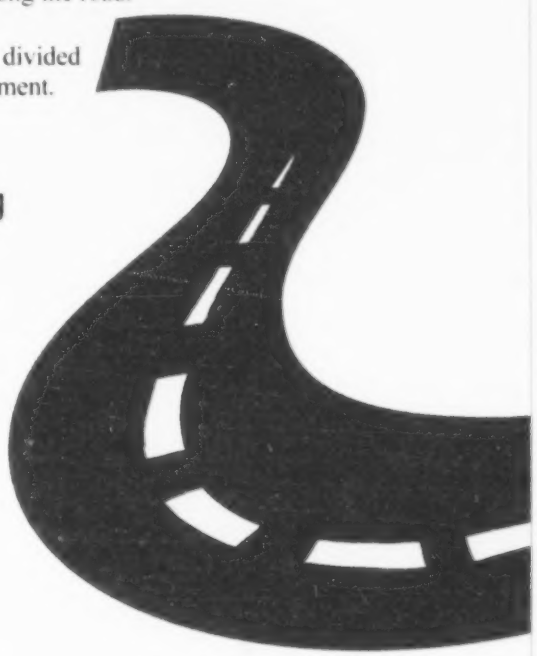
There are lots of opportunities. This guide is targeted at communities and individuals who want to establish livestock enterprises.

Regardless of how a project is initiated – by an individual, community group or developer – every project depends on a champion or a group of champions who are dedicated to moving it through the various phases of development, addressing the challenges, and making it a reality.

This document is designed to reduce some of those challenges by providing a pathway for development. In addition to this guide, the Livestock Development Branch of Saskatchewan Agriculture, Food and Rural Revitalization (SAFRR) has a group of dedicated professionals willing to assist with the steps along the road.

The project development process, and the material in this guide, is divided into three parts, which are targeted at different phases of development.

- ✓ Concept and decision-making
- ✓ Project planning
- ✓ Operations management



Saskatchewan Agriculture, Food and Rural Revitalization

A Guide for Development

Getting started

The project development process can be divided into three parts.

Phase one: Concept and decision-making

The concept and decision-making section is designed to provide guidance through the early stages of development, and includes information on:

- concept development;
- opportunity evaluation;
- communication;
- community SWOT (strengths, weaknesses, opportunities and threats) analysis;
- community consultation;
- project decision;
- project management plan;
- feasibility study; and
- business structure selection.

Phase two: Project planning

The project planning stage takes the development through the business plan process to start-up, and provides information on:

- business plan development;
- community consultation;
- site selection;
- raising capital;
- permits, licenses, agreements;
- approvals; and
- construction, staffing and stocking.

Phase three: Operations management

The operations management section provides information on board governance and the management information systems that an operation needs to operate successfully, including:

- financial systems;
- production information systems;
- monitoring and record keeping systems;
- human resource systems;
- quality assurance systems; and
- outside stakeholder systems.

Concept and decision-making

Phase one

Concept development

The forces at work in rural Saskatchewan are challenging people to look at alternative ways to sustain their communities and create returns for investors. Many are looking at the development of intensive livestock operations.

Every successful venture has a champion or a group of champions willing to overcome the challenges that will face them in getting a successful operation up and running. When the idea starts to take shape, it should be reviewed by a group of like-minded people and others interested in community development. Some examples of people to get involved are:

- RM and town councillors;
- regional economic development staff;
- livestock association members;
- community-minded individuals;
- members of the Chamber of Commerce;
- local financial institution employees;
- local lawyers and accountants; and
- livestock development and extension agrologists from Saskatchewan Agriculture, Food and Rural Revitalization.

Opportunity evaluation

The concept of diversifying or expanding the livestock industry has generated interest in informal group discussions, and there is enthusiasm to pursue the idea. At this point, it makes sense to develop a formal Opportunities Committee to take the project through the various phases.

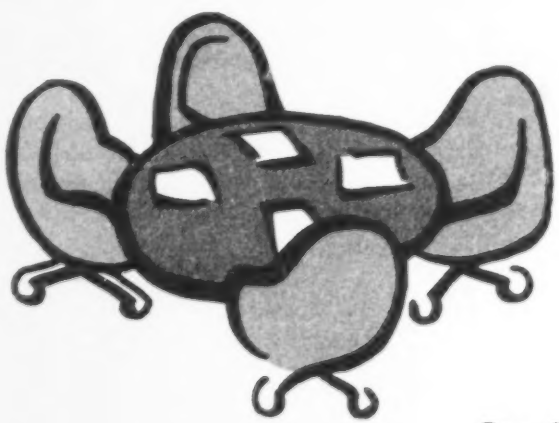
Communication

Good communication is crucial to the success of any project, and includes providing timely, accurate and clearly worded information to the right people. A detailed communications strategy should be developed very early in the process and should consider: who is the target audience(s) and what are their needs; what tools and messages will be the most effective in reaching the target audience(s); and how to deal with concerns that arise.

As with most new developments, people in the community will be interested in what is happening. The Opportunities Committee needs to have a strategy in place to effectively communicate with the public. Steps should be taken early in the process to discuss the project with individuals who will be directly affected.

There is an excellent publication by Desmond M. Conner called *Public Participation: How to Prevent and Resolve Public Controversy*, which is available from public libraries, that would be beneficial to anyone developing a communications strategy. The document is available online at: www.islandnet.com/connor/ppmanual.html.

A spokesperson from the Opportunities Committee should be appointed to communicate with the public to ensure a consistent message is being presented.



Community SWOT analysis

The Opportunities Committee should carry out a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis to evaluate the strengths of a community and target projects that take advantage of those strengths.

Good decisions are made based on good information. For any project, there needs to be a clear understanding of what the community (or individual) brings to a project, and what the community's (individual's) goals and objectives are for a project.

If there is a person in the group or community who has experience with SWOT analysis, he/she could facilitate the process; otherwise, it may be necessary to hire an outside facilitator. This is an important step that must be taken to ensure all the issues are discussed.

A properly conducted SWOT analysis will review strengths and weaknesses from the internal perspective (i.e. location). Opportunities and threats are the external factors that may affect the operation (i.e. competitors).

Some of the areas that need to be considered in the analysis are:

- human resources (labour and knowledge);
- raw materials (crops, feedstuffs, livestock);
- capital availability;
- physical infrastructure (water supply, roads, power, natural gas, telephone);
- social infrastructure (schools, health centre);
- competitors;
- size of operations;
- market opportunities;
- location;
- alliances; and
- partnerships.

In addition to the SWOT analysis, there needs to be an identification of community goals and objectives. A community's goals and objectives might be:

- to create jobs directly and/or indirectly;
- to provide investment opportunities for local investors;
- to create markets for local raw materials;
- to improve the business climate;
- to increase tax revenues; or
- to improve local infrastructure.

The SWOT analysis can be used to help define potential projects that a community (individual) plans to target. The list of potential projects is then evaluated against the goals and objectives of the community to arrive at a short list of projects that make the best use of resources and meet the needs of the community.

The livestock industry offers a number of options for development, including the beef industry, i.e. cow-calf enterprises or beef feedlots; or pork operations, i.e. farrow-to-finish, farrow-to-wean or finishing.

Once the short list has been developed, some additional research should be done on each of the options. Contact industry players or access other sources of information. For example:

- talk with industry experts;
- access information from the Internet;
- arrange to visit enterprises similar to those projects on the short list;
- list the competition (direct and indirect); and
- gather production and market trends.

Community consultation

There is now a short list of options, and the committee will have gathered information on each. If a proposal is to rely on participation from the community, it is essential to present the community with the options that are being considered.

A community workshop provides an opportunity to present information, stimulate some informal discussion and allow the committee to gauge support for the various options. Information booths can be set up to give the public the opportunity to ask questions. The number and variety of groups providing information at the community meeting will vary, depending on the type of project, but could include:

- a developer, consultant, management company, or industry representative;
- the rural economic development authority;
- SAFRR Livestock Development Branch; and
- SAFRR Inspection and Regulatory Management Branch.

Preliminary project decision

Based on the discussion at the community meeting combined with the information already in place, the Opportunities Committee has to make the decision on the type (pork, beef) of project that they want to pursue.

Project management plan

The Opportunities Committee now needs to discuss and develop a project management plan. A project management plan involves detailing tasks, assigning responsibilities, managing timelines, co-ordinating activities and making decisions.

As a group, the committee will be responsible for considering:

- project feasibility;
- seed capital;
- business structure;
- communications;
- fundraising/capital acquisition;
- site selection;
- relevant permits, licenses and agreements;
- construction, staffing, stocking; and
- operational management and protocols.

Feasibility study

The feasibly study will identify all the internal and external requirements the project must meet, and will determine whether all these requirements can be met.

Some of the issues that need to be addressed in the feasibility study are:

- financial analysis and the profitability of the project;
- trends in the livestock industry;
- facility design and cost;
- size of operation;
- partnership opportunities;
- infrastructure needs;
- feed supplies (competitors);
- land availability for facilities and manure spreading;
- water supply;
- tax implications for investors;
- human resource requirements;
- environmental issues;
- consulting requirements (geotechnical, design, construction);
- timing for the project;
- preliminary discussion with debt lenders and venture capital providers; and
- preliminary site identification.

The committee will make a **Final Project Decision** on the type, size, and management of the operation. Some Opportunities Committees will make a decision to partner with a developer. In this case, the committee will need to discuss its roles and responsibilities with the developer.

If the organizing committee chooses to carry out the feasibility study internally, the capital requirements will be negligible. However, if a consultant is hired to lead the process, there will be a need to raise capital to pay for these services.

If the committee chooses to use the services of a consultant, a business structure should be set up to allow the necessary capital to be raised. Exemptions exist under *The Securities Act*, which permits capital to be raised for organizational development. (Setting up the corporate structure and raising capital will require the services of legal counsel.)

Whether the organizing committee chooses to complete the feasibility study on its own or hire a consultant, it is important that those involved maintain a very clear understanding of all the issues so they can make an informed decision about the project.

For projects costing in the millions of dollars, capital providers will require that the facilities have engineering approval. At this time, you can contract the services of an engineering firm with experience in the livestock industry to do the conceptual design work for the project. A conceptual design provides the necessary information for the geotechnical review that is required. The firm selected can also complete the final design when the project reaches that stage.

Permits, licenses and agreements are part of the feasibility study as well, and must be investigated to ensure the project can comply with these requirements. The following groups and agencies should be contacted to determine their requirements:

- Saskatchewan Agriculture, Food and Rural Revitalization;
- rural municipalities;
- Saskatchewan Highways and Transportation;
- SaskPower;
- SaskEnergy;
- Saskatchewan Health;
- Saskatchewan Watershed Authority; and
- Saskatchewan Environment.

Board governance

The principles and rules for board governance are set out for companies in *The Business Corporations Act*. In order to meet their responsibilities, board members need to understand and follow the protocols related to decision-making as outlined in the Act. The application of these protocols will make for a more effective board and will also prevent liabilities. A training session on board governance is advised, and should include information on:

- directors' responsibilities in company management;
- directors' liability in acting as a director; and
- management responsibilities to the company.

Selecting a business structure

The type of business structure the Opportunities Committee selects will be determined to some extent by the number of participants in the enterprise and the capital requirements. While there are several possible structures from which to choose, either a corporate or new generation co-operative structure will most likely fit the needs of a community business operation.

There are a number of business structures to choose from:

- sole proprietorship;
- partnership;
- limited partnership;
- corporation;
- co-operative; or
- new generation co-operative.

If the Opportunities Committee decides to incorporate as a company, a new generation co-operative, or a co-operative, it should employ the services of a lawyer, etc. who is experienced in corporate and securities law. Part of the process of incorporation should be to gain an understanding of the internal operations of a corporate structure. Whether an entity is incorporated as a company, a new generation co-operative, or a co-operative, it will have articles of incorporation and bylaws. These are the rules that govern how a board of directors runs the company.

When an entity becomes incorporated, a board of directors must be elected. This board has the responsibility for all the actions of the company from this point forward. Many of the members of the Opportunities Committee will be logical candidates for board membership. This is a formal step that needs to take place.

Project planning

Phase two

Site selection

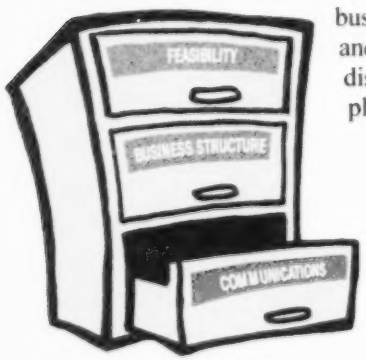
Some discussion has probably already taken place in the Opportunities Committee regarding potential sites for the proposed operation. In general, livestock operations require roads, water, gas, power, telephone utilities and other related infrastructure. The board (operating as the Opportunities Committee) will gather information on local attributes and infrastructure, as well as local planning requirements and bylaws for site selection.

Steps	Responsibility
1. The identification of potential site locations	Committee and RM
2. Preliminary site characterization to identify the most promising sites	Committee and geotechnical consultant or developer
3. Final site selection based on detailed site investigation of preferred options	Geotechnical and engineering consultant or developer
4. Permits and licenses and agreements	Committee or developer
5. Approval (from SAFRR)	Geotechnical and engineering consultant or developer

Unless the company is working with a developer, the board may have to contract the services of geotechnical and engineering consultants to satisfy the legislated environmental requirements. Selecting a geologically appropriate site ensures that development can take place with little or no risk to groundwater and/or surface water. SAFRR's Inspection and Regulatory Management Branch provides a publication entitled *Selecting an Engineering Consultant for an Intensive Livestock Operation.*

There are five steps in the site selection process. Steps 1 to 3 will result in the identification of a final site. Steps 4 and 5 involve getting the appropriate approvals, permits, licenses and agreements for site development.

Steps 1 to 3 are presented here prior to the development of the business plan. Steps 4 and 5 follow the discussion on business plan development.



Step 1: The identification of potential site locations

To assist in selecting a site, the Opportunities Committee should make a list of the project requirements. Following this, local information on roads, planned subdivisions, recreational areas, residences and communities, gas, telephone and three-phase power lines, water bodies, heritage sites and voluntary/mandatory setbacks can be plotted on a municipal map. Make a list of any further information you will need.

Step 2: Preliminary site characterization to identify the most promising sites

The committee should visit the potential sites and compare them against the project's requirements. At this point, a short-list of promising sites can be developed.

Once this short-list has been developed, discuss the sites with your geotechnical consultant or contact SAFRR Livestock Development Branch's environmental engineer. Technical experts will access information contained in topographic maps, geology and groundwater resource maps, aerial photographs, water-well records, physiographic maps, pedological soils maps, surficial water information and geophysical maps to compile a geologic model and assess the suitability of the promising sites, as well as design requirements for development of the site.

The use of this information to complete preliminary site characterizations and assessments can save time, money and frustration. Characterization of the site will allow the establishment of suitable and environmentally acceptable practices for storing and handling manure, and will predict potential costs before committing to further investigation.

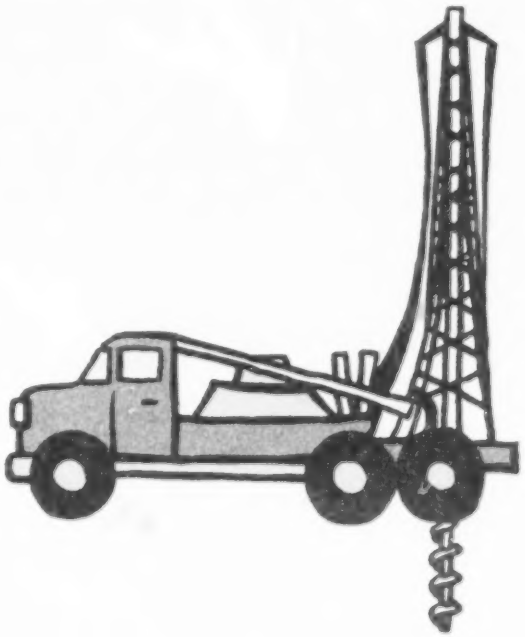
Based on this preliminary site characterization, the committee or the developer will be able to decide which of the sites are likely candidates for further investigation. Following these discussions, the committee may want to consider taking out purchase options on the site(s). A meeting should be held with all the residents who live within a two or three mile radius of the site to review the details of the project.

At this stage, the committee or developer should contact the appropriate regional specialist with SAFRR's Inspection and Regulatory Management Branch to discuss the committee's plans and timelines for investigation and approval.

Step 3: Final site selection

Detailed site investigation requires on-site review by a geotechnical consultant. On the basis of this investigation, the committee or the developer will have confirmation of the suitability of a site and any design and monitoring requirements, and be able to make a decision on a final site.

The detailed investigation will determine the site's geologic conditions, identify resources that may require protection, and determine soil properties for foundations and construction of containment or control works. Investigation will identify the potential risks of development on a site, and determine the design and monitoring that will be required to mitigate or minimize those risks, thus allowing for a more accurate estimate of costs associated with a site.



Once a final decision on a site has been made, the committee or the developer may wish to begin contacting landowners adjacent to the site to discuss the project and talk about manure agreements. The information generated during this phase of stie selection will be used to obtain the permits, licenses, agreements and approvals required for site development. More information on these steps (4 and 5) follow the discussion on Developing a Business Plan.

Develop a business plan

A business plan is a tool developed by the livestock enterprise to help achieve its goals and objectives. The plan is used to communicate the enterprise's objectives to internal and external stakeholders and to develop milestones to evaluate performance. The plan is used to seek investment and debt capital. A business plan is the enterprise's presentation to the world and will be judged on how complete, organized and well-written it is.

The enterprise, with very few exceptions, should seek the services of a consultant who understands the industry and has had experience in developing business plans for livestock operations. The committee should be diligent in verifying the credentials and abilities of the various consultants, as it is essential to have a well-written, sound business plan. A good consultant will involve the Opportunities Committee in the process of writing the business plan to ensure that the plan meets the committee's needs and is fully understood.

The following outline provides the essentials of a good business plan:

- **Executive Summary:** a brief summary (one or two pages) of the main topics covered in the business plan, which follows the same outline as the business plan.
- **Business Objectives:** short-term and long-term objectives, which will be used to give the livestock enterprise direction and to measure the success of the operation.
- **Description of the Business**: an outline of the specifics of the operation.
- **Industry and Market Analysis:** an analysis of the environment in which the enterprise will compete.
- **Marketing Plan:** an outline of all aspects of the marketing mix, including product, pricing, distribution and promotion.
- **Production Plan:** a plan that sets out production targets, capacity and costs associated with each step of the production process.
- **Financial Plan**: a plan that demonstrates the financial potential of the venture and its capital requirements, and outlines in detail the assumptions used to develop the financial projections. A financial plan is a valuable tool for the enterprise, but is also another crucial element in the investors' evaluation of the proposal.
- **Environmental and Community Plan:** a description of how the enterprise will address the regulatory requirements and community concerns about the project.
- **Management Information Systems:** a description of the kinds of systems that will be used to generate timely and accurate information from which management can make decisions. This includes having the built-in control mechanisms to keep the company on track.
- **Risk Assessment:** an outline of the potential problems relating to the project and the steps that are being taken to mitigate these risks.
- **Schedule of Development:** a plan that sets out the timing of events, along with an estimate of expenditures at each step in the project from construction to the end of the first year of operation.
- **Management:** a description of the management team, highlighting the marketing, technical, operational and financial skills and experience. A strong management team is essential to operate a successful business. Investors and debt providers view this as a key element in their assessment of risk of the operation.
- **Personnel:** a list of the details of the staffing needs and an outline of training plans, costs and employee benefits.
- **Supporting Documents:** Attach supporting documents to confirm the information provided in the business plan.
- **Professional Services:** a list of the names of lawyers, accounting firms, etc. representing the livestock enterprise.

With a complete business plan, the company is in a position to approach potential investors and debt providers to raise the required capital.

Community consultation

Now that the committee has selected a site and has a business plan in place, the community (potential investors) should be informed of the progress of the project.

This consultation process is important because it will provide the information that individuals will use to decide whether or not to invest their capital. A well run meeting can create enthusiasm and momentum for the project.

The business plan should be presented and the key issues discussed. The capital plan should be laid out, explaining the amount of equity required to launch the project.

All consultants, legal representatives and government representatives involved in the development of the plan should be present to answer questions and respond to concerns. Among other legal issues, the legal counsel should be able to discuss the use of exemptions to raise capital.

Raising capital

The ability to raise capital is, to a large extent, a factor of how well the company has convinced potential investors that the project is sound and its proponents competent.

The business plan process will have identified the level of equity that is required to allow capitalization of the project.

Discussions with debt providers should establish the terms of financing, including both capital and operating debt requirements. If venture capital is required, discussions with venture capitalists should allow time for the due diligence process and provide an indication of the conditions that an investment might require.

Raising capital will involve issuing and purchasing shares. This will require the services of the company's legal counsel. In the case of a private individual, this is a relatively simple process and can be done with minimal involvement of the Saskatchewan Securities Commission. In the case of a community venture, the livestock enterprise will be required to carry out a share offering to raise capital. The enterprise needs to determine whom they plan to target to raise capital. This will help determine if the enterprise can qualify to raise capital through exemptions or if it needs to approach the public.

Exemptions dictate a specific group of individuals who qualify to purchase shares from a company. In most instances this group is broad enough to raise the capital required for the project. However, in instances where a company chooses to sell shares to any person who may choose to purchase shares (the general public) to raise capital, it must follow a specific set of rules set out by the Saskatchewan Securities Commission.

The cost of carrying out a public offering is great and requires, among other things, filing and receiving approval of a prospectus by the Saskatchewan Securities Commission. After raising capital through a public offering, there are continuous disclosure requirements that must be filed with the commission on a regular basis. Annual costs to provide reports to the commission are estimated to be in the range of $25,000.

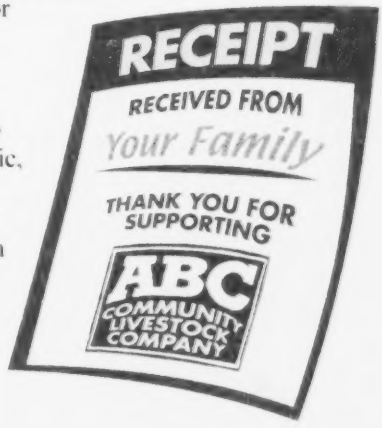
It is in the enterprise's interests to qualify to raise capital using one of the exemptions in *The Securities Act*. The cost is significantly less and the reporting requirements are not as onerous.

The following is a list of some of the more common exemptions that might be used by a community venture:

- Related Parties Exemption;
- Private Issuers Exemption;
- Close Friends and Close Business Associates Exemption;
- $150,000 Exemption;
- Qualified Purchasers Exemption;
- Community Ventures Exemption; and the
- Discretionary Exemption.

More than one exemption can be used at the same time to raise capital. Companies should ask their legal counsels for advice when raising capital.

If a company plans to sell shares to the public, it must be registered under *The Securities Act*. For this reason, a brokerage firm is normally hired to handle the sale of shares to the public.



However, it is possible for a company to become registered as an issuer. Shareholders can qualify to act as salespersons for the company, but this is a lengthy and complicated process. For more information, contact the Saskatchewan Securities Commission.

If a company is selling shares under an exemption, individuals within the company can be designated to sell shares to potential investors who qualify under the exemption being used. Appoint people to sell shares for the company who are well known and respected in the community and have good interpersonal skills. While this group of people may be from the Opportunities Committee or the board of directors, there may be others who should be considered.

Site Selection Continued...

Step 4: Permits, licenses and agreements

The business of raising capital for the project is now well under way, and it is time to obtain the necessary permits, licenses, agreements and an approval from Saskatchewan Agriculture, Food and Rural Revitalization. The permits, licenses and agreements required will have been identified during the feasibility study, and may include:

- development permit, building permit and road maintenance agreement from the rural municipality;
- road use permit, access agreement, approaches agreement and set-back agreement from Saskatchewan Highways and Transportation;
- an electrical permit from SaskPower;
- a gas permit from SaskEnergy;
- a plumbing permit from Saskatchewan Health; and
- if accessing surface water, a shoreline alteration permit from Saskatchewan Environment.

Step 5: Approvals

In addition to any required permits, licenses and agreements, the project proponents and their consultant(s) will need to compile the necessary information for approval under *The Agricultural Operations Act*. Under the Act, a waste storage plan and a waste management plan (including dead animal disposal) are required for intensive livestock operations that:

- contain an earthen manure storage or lagoon;
- involve 300 or more animal units (as defined by *The Agricultural Operations Act*); or
- involve more than 20 animal units and are located within 300 metres of surface water or 30 metres of a domestic water well not controlled by the person operating the intensive livestock operation.

The information requirements for approvals are contained in:

- *Environmental Review Guidelines for Intensive Livestock Operations*; and
- *A Workbook and Application Form for the Approval of Plans under the Intensive Livestock Provisions of The Agricultural Operations Act*.

The geotechnical consultant will be responsible for completing the geotechnical report required by SAFRR.

Required information will be summarized in a:

- topographic plan;
- geotechnical report;
- manure storage facility design;
- runoff containment and related control works design (where necessary);
- manure spreading map;
- manure utilization plan; and a
- dead animal management plan.

Regional specialists with the Inspection and Regulatory Management Branch, SAFRR, can assist with the process. The compiled information can be submitted in draft form to the regional specialist. This way, the specialist will be able to assist by identifying any omissions or deficiencies in the assembled information.

Once the information is complete, the package is submitted to SAFRR for review, referral and decision as required under *The Agricultural Operations Act*.

Each application is reviewed for completeness and may be referred to another government agency for further review. Referral agencies include: rural municipalities, Saskatchewan Environment, Saskatchewan Government Relations and Aboriginal Affairs, Saskatchewan Health, Saskatchewan Watershed Authority, Saskatchewan Highways and Transportation, and any other identified stakeholder agency or group.

For large projects, notice of the application is advertised in the local community and comments from the public are invited. All livestock operations larger than 1,000 animal units with liquid manure systems or larger than 3,000 animal units with solid manure systems will have notice of the proposal posted in the local newspapers.

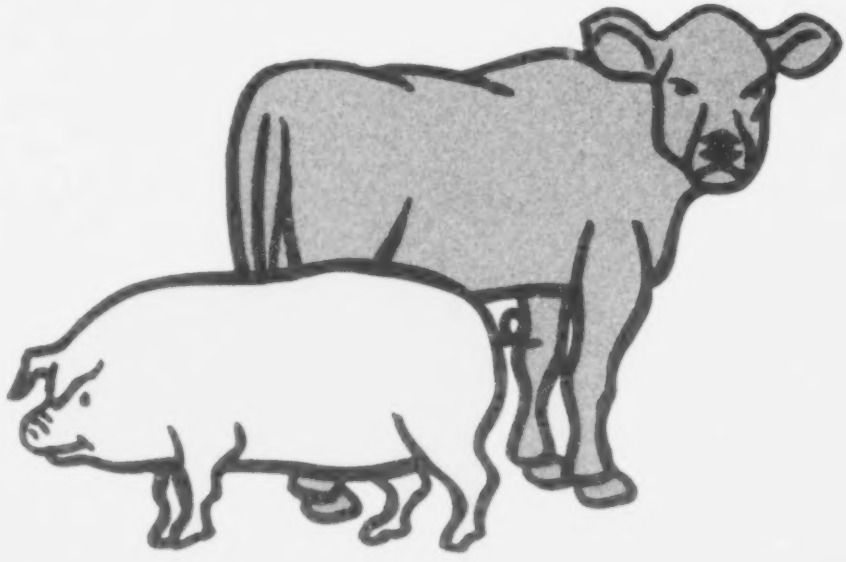
A copy of the application is made available for public review, either at the RM office or another accessible location such as the public library or school. Public comment can be forwarded to SAFRR within 21 days of the notice being posted.

Referral agencies are asked to respond within 40 days. After a thorough review, the Inspection and Regulatory Management Branch may approve, refuse or request additional information. If the application is approved, any special conditions that are required are also defined. Special conditions may include:

- exclusion of manure spreading areas;
- requirements for monitoring;
- minimum standards for manure storage construction; or
- any other action considered necessary for water protection.

Applicants may be contacted at any time during the review process for more information or clarification, or to discuss any special conditions that are being considered as part of the approval.

The length of time for the final decision will vary, depending on the outcome of the referral process and the completeness of the application. A decision is usually made within 10 days following response from the referral agencies.



Once the necessary consents have been obtained, construction of facilities can proceed. A consulting engineer can create a detailed site design, including location of buildings, manure storage facilities and drainage control structures relative to neighbours' properties and residences.

Construction, staffing and stocking

The first step is to hire a general manager (GM) to oversee the construction of the facility and eventually assume responsibility for its day-to-day operations. This is an absolutely critical position, so it is crucial to hire the right person. Since the GM will be responsible for the performance of staff, this person should be hired before other positions are filled.

Facility construction

Working with a developer, management group or independent partner, the management and the board of directors of the livestock enterprise have the responsibility to hire a general contractor who will be responsible for the entire project.

The GM needs to be informed about the project, and a meeting with the general contractor should be held to review design specifications and determine the respective roles and responsibilities of the owners, consultant and contractor.

Once the site preparation is complete, construction can begin on the buildings and feed mills, silage units and feed delivery systems, as applicable. SAFRR's Inspection and Regulatory Management Branch must be notified before work begins on the manure storage unit(s) so that staff can conduct on-site inspections of all stages of its construction. Depending on whether or not conditions were attached to the original construction permit, the contractor may be required to submit an "as-built" report to SAFRR upon completion of construction.

An official sod turning could be held prior to the start of any major construction.

Staffing the facility

The GM is responsible for hiring the people who will work at the facility. Alternatively, the company may choose to hire a professional management company to operate the facility and take responsibility for hiring, feeding, marketing and purchasing decisions.

Normally, the GM, in consultation with the board of directors, will determine the positions that will be required to operate the facility.

Typical positions that may be required are:

- production manager;
- office manager;
- clerical staff;
- marketing staff;
- stock people;
- feed mill technicians;
- nutritionist (part-time consultant);
- veterinarian (part-time consultant); and
- maintenance staff.

The GM can prepare preliminary job descriptions and begin researching the salary ranges for each position. SAFRR's Livestock Development Branch human resource specialists are available to advise on staffing, hiring and writing job descriptions. The GM will also develop operational procedures and orientation processes.

The production manager, who reports directly to the GM, often performs the following duties:

- establishing feed volumes and types;
- determining feed quality tolerances;
- identifying feed sources;
- researching historic price trends; and
- selecting feed purchasing tools, such as forward contracts, spot/cash market or long-term contracts.

The production manager also determines the quantity and breed of animals to be stocked. Responsibilities include:

- identifying sources of stock and their availability;
- establishing alliances with stock suppliers and/or order buyers;
- selecting stock purchasing tools, such as forward contracts, spot/cash market or long-term contracts; and
- implementing a purchasing plan.

The veterinarian and nutritionist positions should be contracted at an early stage so they can, respectively, establish the standard operating procedures and treatment protocols and begin formulating feed rations.

Stocking the facility

When the facility is complete, the GM, the production manager and staff, the veterinarian and the nutritionist will work together to stock the facility and begin operations.

Operations management

Phase three

A crucial factor in the success of an operation is having systems in place that are capable of generating reliable, timely information. Operations management is achieved by ensuring that a company develops Management Information Systems (MIS) at an early stage. Livestock enterprises, like any other business, need to maintain MIS.

There is often confusion around what a management information system is and what it is intended to do. Often, MIS are viewed simply as a tool to prepare financial statements and financial analysis. In fact, these systems have the ability to generate all the information necessary to make informed decisions within a company.

The objective to maximize profits is a business challenge, especially when prices are low. Companies need to develop strategies to help them mitigate risk and survive periods of low livestock prices. For example, developing a long-term feed supply strategy, an effective marketing strategy and analytical tools to formulate lowest-cost rations, all require information. MIS will provide the information for developing sound strategies and will support long-term and short-term decision-making.

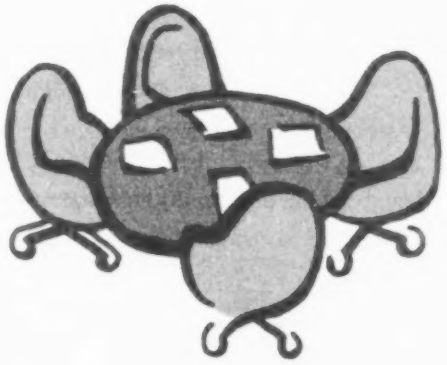
Capital providers (debt or equity) view MIS as a reflection of the management of the enterprise. An enterprise that is capable of responding to a changing environment and providing timely information is seen to be significantly less risky.

Setting up Management Information Systems

When operations are being established, managers and the board of directors should go through an identification process to ensure the enterprise's specific needs are being addressed and incorporated into its Management Information Systems (MIS). Well designed MIS provide decision-makers with the kind of information required to effectively direct the operations of the enterprise.

Part of the identification process should include discussions with all the stakeholders, including banks, lawyers and suppliers, to ensure that their needs are being addressed.

Co-ordination of MIS is one of the keys to developing an effective process. Understanding what is required allows the company to design a system that collects information in an efficient and cost-effective manner. This emphasizes the need for the enterprise's chief executive and financial management officers to have experience in design and implementation of MIS and understand how the information contributes to informed decision-making.



Management information systems

The following information outlines the requirements of a livestock enterprise's MIS, and helps illustrate the type of information that the board of directors and management might use for decision-making.

Financial systems

Financial systems can provide:

- monthly and year-end financial statements;
- sensitivity analysis on feed alternatives, purchase price of animals and marketing alternatives;
- control systems to manage inventory, payables and accounts receivable;
- financial information and analysis as it relates to securing and maintaining operating and long-term debt;
- information on government financial support programs;
- cash flow monitoring; and
- financial forecasting

Production information systems

Production information systems can provide information on:

- productivity (breeding records and/or birthing records, mortalities, etc.);
- feeding performance (feed requirements and costs, feed analysis, feed conversion ratios and rates of gain);
- animal identification; and
- health records.

Internal planning systems

Internal planning systems can provide information for:

- strategic planning – market trends, potential alliances, niche marketing opportunities, new breeds, information on foreign policy; and
- marketing plan development.

Monitoring and record-keeping systems

Monitoring and record-keeping systems should:

- record regulatory approvals;
- record licenses and permits;
- record environmental management programs;
- maintain manure spreading agreements;
- maintain agreements with rural municipalities;
- maintain manure storage and manure and soil test records;
- maintain manure management plans; and
- maintain environmental management systems.

Human resource systems

Human resources systems can provide information to support:

- hiring and maintaining staff;
- developing benefits packages (wages, health and dental coverage, training, bonuses, etc.);
- recruitment policies;
- developing a human resources manual; and
- developing job descriptions.

Quality assurance systems

Quality assurance systems can provide information on:

- on-farm quality assurance programs for beef and pork;
- quality assurance for feed milling;
- animal identification; and
- herd health programs and records (treatment and vaccination protocols, medication storage and handling, stock entry protocols, contract with veterinarian, biosecurity, visitor policies, etc.).

Outside stakeholder systems

Outside stakeholder systems for client management can provide information on:

- customers (date of delivery, quality assurance information, etc.);
- suppliers (payment policies, feed quality expectations, etc.);
- veterinarians; and
- other contracted services (manure application).

Ongoing support

The systems are now in place, the facility is stocked and the enterprise is officially operating. Ongoing support is available from the Livestock Development Branch at Saskatchewan Agriculture, Food and Rural Revitalization in the areas of business, marketing, production, human resources and environment. For more information, call 306-787-9112 in Regina or 306-933-5992 in Saskatoon.

Looking for more information?

This document outlines the project development process for livestock development in Saskatchewan.

Saskatchewan Agriculture, Food and Rural Revitalization's Livestock Development Branch can help with your project development efforts.

Livestock Development Branch staff have three goals:

- Providing strategic development services to a thriving livestock industry.
- Creating a business climate that fosters growth and development of livestock industries in Saskatchewan.
- Providing specialized expertise to assist producers, investors and communities in setting up livestock operations in the province.

Livestock Development Branch staff can assist you in developing your project by providing:

Project development

- One-on-one project development expertise.
- Assistance to the industry to address impediments to development.

Production

- Production information for the pork, beef and specialized livestock industries.
- Expertise on feed strategies for improved production.
- Advice on rangeland development, management and forage production.
- Producers and agencies with assistance in developing and adopting programs and practices for quality assurance, animal care and environmental management.

Environmental issues

- Geotechnical advice on siting of facilities.
- Information on manure storage, handling, application and treatment.

Business support

- Feasibility analysis and cost of production information.
- Information on business and investment structures.
- Industry statistics and market trends.
- Advice on risk management strategies.
- Information on existing finance and capital options and development programs.
- Tools and assistance for economic analysis.
- Information to attract out-of-province investors, producers and employees wishing to relocate to Saskatchewan.

Human resources development

- Information on training programs.
- Assistance to meet and resolve human resource needs.
- Information on recruitment.
- Delivery of the Green Certificate Farm Training Program in the dairy, cow-calf, feedlot, field crop, irrigated crop, sheep and aerial applications sectors.

For more information contact your local Rural Service Centre or call the Livestock Development Branch at 306-787-9112 in Regina, 306-933-5992 in Saskatoon, or on the web at www.agr.gov.sk.ca.

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